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February 18, 2014

Chair Ernie Martin  
Honolulu City Council  
City and County of Honolulu  
Honolulu, HI 96813-3077

**RE: Bill 9, Relating to City-Provided Refuse Services**

Dear Chair Martin, Vice Chair Anderson and Members of the Honolulu City Council:

The Hawai'i Alliance of Nonprofit Organizations opposes Bill 9 which proposes fees imposed on nonprofit organizations for refuse collection and refuse cart usage.

HANO is a statewide professional association that unites and strengthens the nonprofit sector as a collective force to improve the quality of life in Hawai'i. HANO nonprofit members provide essential services to every community in the state.

HANO views these added fees as payments in lieu of taxes, or PILOTS. Nonprofits are tax-exempt because they provide a social good in services that government would otherwise have to furnish. Through this social compact with government, nonprofits provide these services efficiently and cost-effectively. Increased fees would add tremendously to their costs and hinder their ability to serve the community. Nonprofit resources are extremely challenged at this time, with contracts to nonprofit vendors being delayed or curtailed at state and county levels and with donor giving at less than pre-recession levels. In many instances, this has resulted in layoffs and loss of capacity to deliver critical services at a point when demand for nonprofit services is at an all-time high. The public wants their charitable contributions to go toward community services, not added fees. These assessments have the effect of discouraging giving and other leveraged resources like volunteering that hurt the capacities of nonprofits over the long-term.

A report from the Lincoln Institute of Land Policy confirmed that demanding payments in lieu of taxes (PILOTS) from nonprofits fails to provide the budget solutions that municipalities need. According to the report, such payments account for less than 1 percent of the general revenue in 165 out of 181 localities. "PILOTS will never be a panacea for cash-strapped governments – they simply do not generate enough revenue," the report said. Yet, the imposition of PILOTS brings financial hardship on the very nonprofit providers that municipalities rely so heavily on for community-based service delivery.

Thank you for the opportunity to provide written testimony to express concerns over Bill 9.

Sincerely,

Lisa Maruyama  
President and CEO

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